Fourth Quarter 2020
Earnings Results Conference Call

February 23, 2021

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Agenda

1. Strategic Priorities
2. Fourth Quarter Highlights
3. Highlights by Region
4. Financial Results
5. 2021 Outlook

Key points of differentiation in the current environment

- Ironclad brand loyalty, resilient core consumer staples business, broad product portfolio
- Ability to quickly adapt to address fluctuating demand and changes in consumer habits
- Access to all channels captures dynamic consumer trends
- World-class safety and quality standards to continue navigating COVID-19 pandemic
- Strong and resilient farm to point-of-sale supply chain guarantees product availability
- Flexibility and strong positioning to protect margins and financial liquidity

Strategic Priorities – Progress in 2020

Focus on Core Markets	Financial Discipline: ROIC	Profitable and Sustainable Growth

- **Strong execution in core markets: Mexico initial priority**
  - Turnaround year, this operation has been stabilized
  - Progress towards 2.5x leverage target
- **Rationalize business and investments, redirect resources toward higher-return assets**
  - Overhauling CAM Assets
- **Actions to support employees and communities during pandemic**
  - Robust operational processes and protocols to safeguard employees’ health
  - Special support to communities in all regions: +2 million liters of milk donated in Mexico

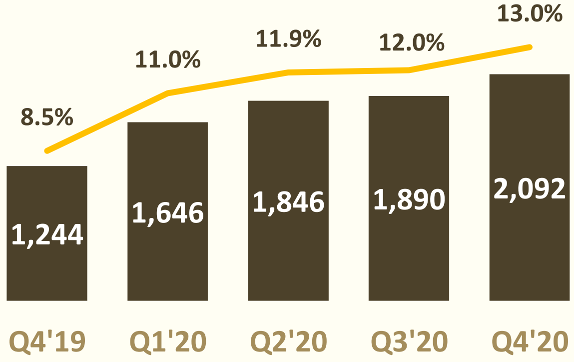
Strategic Priorities – Progress in 2020

Turnaround Completed

Strong execution in core markets: Mexico

1. **Stabilized Mexico supply-chain**
2. **Recovered profitability through OpEx efficiencies and leaner organizational structure**
3. **Strategy continuity: focus on high-potential initiatives and on addressing consumer demand driven by current environment, leveraging our strong brands**

EBITDA Margin and EBITDA
(million MXN)

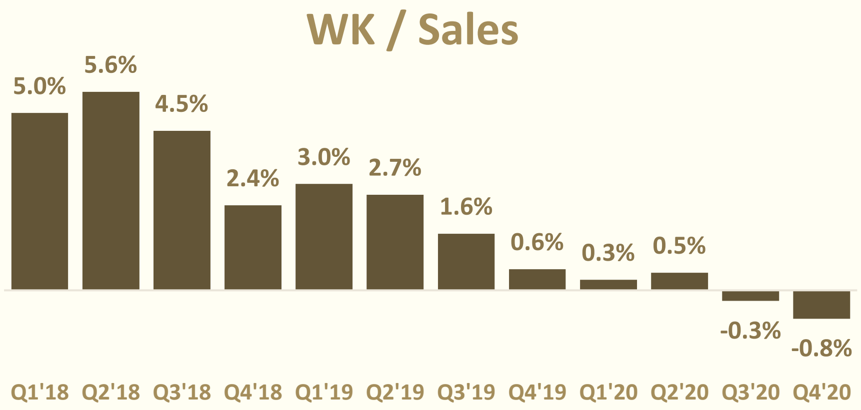


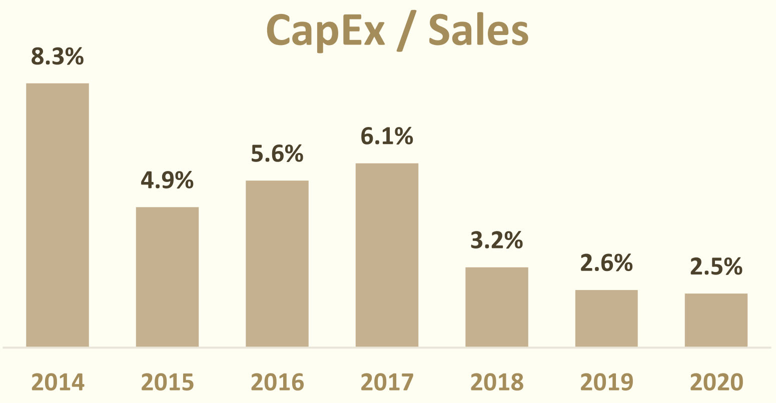
Strategic Priorities – Progress in 2020

Deleverage Through Strengthened Cash Flow

1. **Margin recovery on a consolidated basis**
2. **Achieved record low Working Capital position in all regions**
3. **Rationalized CapEx across geographies**

Leverage Ratio at 3.1x down from 3.5x in Q3’20





Strategic Priorities – Progress in 2020

Improving ROIC

Overhauling Central America Business

1. **Costa Rica Closure as of December 2020**
   - Potential-based decision
   - Lower projected returns for this business relative to other assets
   - Redirect resources to drive sustainable and profitable growth in other markets

$3 million USD benefit on full-year CAM EBITDA for 2021 onward

2. **Evaluation of Guatemala and Nicaragua Assets**
   - Recognition of write-off from Nicaragua impairment

Fourth Quarter 2020 Highlights

1. **+10.0% YOY constant currency Sales growth driven by Mexico and Brazil**
2. **10.8% normalized(1) consolidated EBITDA margin; +340 bps YOY improvement**
3. **13.0% reported EBITDA margin for Mexico, +450 bps YOY expansion**
4. **One-time impacts from Central America operations**
5. **$616m in normalized(1) Net Income, +300 bps net margin improvement YOY**
6. **-0.8% Consolidated Working Capital; a 140 bps YOY improvement**
7. **Leverage ratio: reported 3.1x ND/EBITDA**

(1) Normalized excludes Q4’20 CR closure impact and NIC impairment, and Q4’19 BR tax recovery benefit

Fourth Quarter 2020 Highlights by Region

Mexico

Continued Volume Resilience

Resilient business model

- +9.5% YOY sales
  - Growth driven by volume and price
  - Strong performance within Traditional Channel and Modern Channel
  - Continued consumer preference for at-home categories
    - Solid UHT milk, butter, cream, cheese and cold-cuts performance
  - Robust supply chain flexibility enables LALA to capture incremental demand

Solid margin continuity due to operational turnaround and restructuring

- 13.0% reported EBITDA margin, 450 bps YOY expansion

Brazil (1/2)

Solid Top-line, Driven by Price and Mix

At-home consumption and cheese driving sales

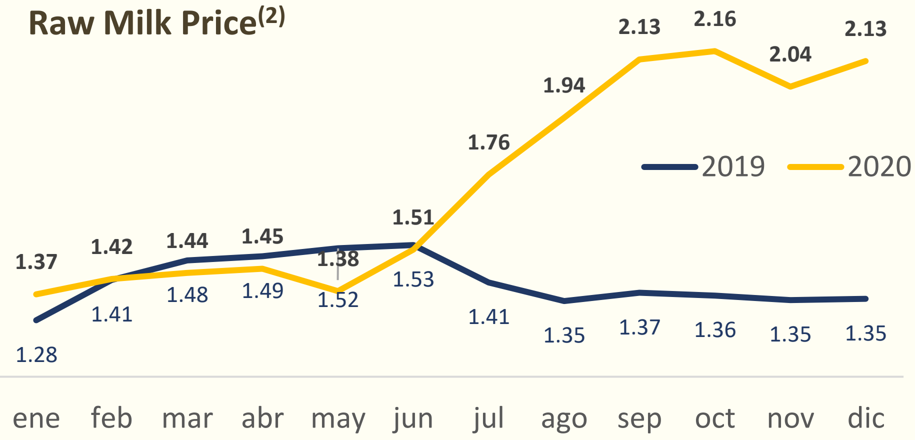
- +24.2% YOY BRL Sales
  - Volumes impacted by decreased effect of Brazil's *corona-voucher* support, as well as execution of pricing strategy to pass on inflation
  - Preference for home cooking driving defensive volumes
    - Strong *requeijão*, cream, mature cheeses, milk and spreads performance
  - Regional retailers and indirect trade providing volume and sales growth
  - Gradual Food Service recovery
    - Volume losses offset by new clients in fast-food sector

Brazil (2/2)

Commodity Prices and BRL Depreciation Pressure Margins

Continued raw material cost pressure

- 5.9% EBITDA margin, 120 bps YOY[1] expansion
  - Average milk cost increased +56% YOY (Q4)
  - Soybean oil +90% YOY, affected by BRL depreciation



Mitigating cost pressures

- Price increase completed by Q4'20
- Commercial efficiencies: reduced product returns
- Expand into white spaces: regional chains and indirect channel
- Capitalizing on increased Mature Cheese capacity
- Food Service portfolio expansion completed

(1) Normalized excludes Q4'19 BR tax recovery benefit
(2) CEPEA public prices in BRL

United States

Challenges to Top-line and Productivity Levels

Decreased consumption during pandemic

- -9.8% YOY USD Net Sales
  - Shift in consumption moment continues to impact on-the-go presentations and Food Service sales
  - Promised Land at double digit growth with strong results in base business and Seasonal Flavors
  - Lala Crema with double digit growth capturing at-home consumption

- -4.6% EBITDA Margin
  - Loss of operational leverage due to high-single-digit volume contraction

Central America

Stable Performance

Resilient quarter despite COVID-19 and economic pressures

- -0.6% YOY USD Sales decrease in Nicaragua and Guatemala(1)
  - Milk sales growing despite category contraction
  - LALA Brands consolidating leadership in milk and yogurt
  - Yoghurt and Ice-cream categories impacted by consumer behavior during pandemic
- 3.1% EBITDA margin(1)
  - Expense and cost controls enabled stable YOY margins despite pandemic impact on sales
- Full-year EBITDA excluding Costa Rica of USD 4.4M

(1) *Excludes Costa Rica Operation*

Financial Results

Q4'20 Net Sales by Region

Sales Growth Driven by Volume and Price

MXN$ in millions	Q4'19	Q4'20	Var. %	Constant currency(1) Var. %
Mexico	14,689	16,082	9.5%	9.5%
Brazil	2,979	3,011	1.1%	24.2%
United States	816	788	(3.4%)	(9.8%)
Central America	733	772	5.4%	(1.4%)
Total Sales	**19,217**	**20,654**	**7.5%**	**10.0%**

(1) Constant currency uses constant BRL for Brazil and USD for the US and CAM

One-off Impacts

Overhauling CAM Assets

Costa Rica Closure

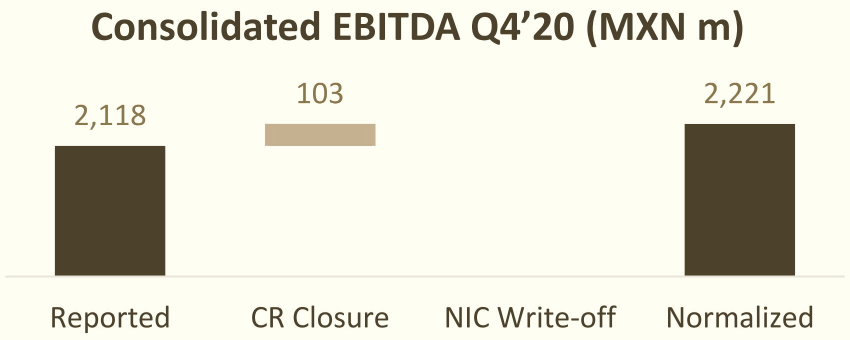
- One-off Q4’20 impacts: $433m
  - $53m accrual for closure expenses and contingencies (cash)
  - $380m balance sheet and goodwill write-offs (non-cash)

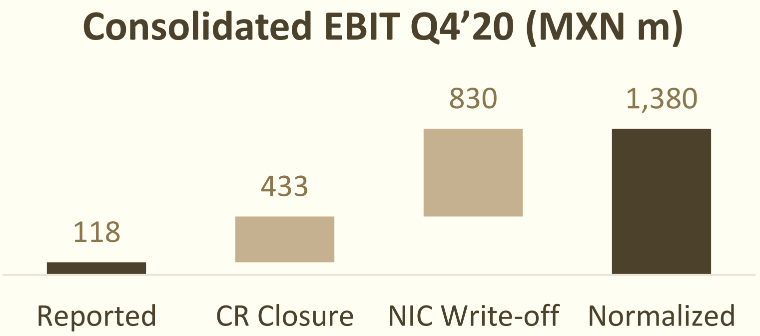
Nicaragua Impairment

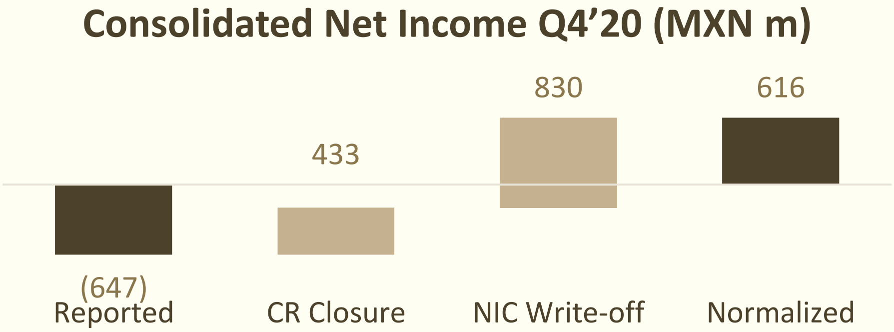
- $830m one-time write-off, due to assets impairment tests (non-cash)

One-off Impacts

Impacts on EBITDA, EBIT and Net Income







Q4'20 EBITDA by Region

Mexico Margin Recovery and Ongoing Strategy to Improve ROIC

	Reported					Normalized[1]				
MXN$ in millions	**Q4'19**	**% NS**	**Q4'20**	**% NS**	**Var. bps**	**Q4'19**	**% NS**	**Q4'20**	**% NS**	**Var. bps**
Mexico	1,244	8.5%	2,092	13.0%	450	1,244	8.5%	2,092	13.0%	450
Brazil	306	10.3%	176	5.9%	(440)	140	4.7%	176	5.9%	120
United States	44	5.4%	(37)	(4.6%)	(1,000)	44	5.4%	(37)	(4.6%)	(1,000)
Central America	0	0.0%	(114)	(14.7%)	(1,470)	0	0.0%	(11)	(1.4%)	(140)
Total EBITDA	**1,594**	**8.3%**	**2,118**	**10.3%**	**200**	**1,429**	**7.4%**	**2,221**	**10.8%**	**340**

(1) Normalized excludes Q4’20 CR Closure, and Q4’19 BR tax benefit

Q4'20 Consolidated Net Income

Improvement in Normalized(1) Earnings

	Reported			Normalized(1)		
MXN$ (Millions)	Q4'19	Q4'20	Var.	Q4'19	Q4'20	Var.
Operating Income	**780**	**118**	**(85%)**	**615**	**1,380**	**125%**
Financing Expenses	631	495	(22%)	631	495	(22%)
Results of assoc. companies	20	13	(34%)	20	13	(34%)
Net Income Before Taxes	**169**	**(364)**	**(315%)**	**4**	**899**	**22,135%**
% NS	**0.9%**	**(1.8%)**		**0.0%**	**4.4%**	
Taxes	54	283	420%	1	283	21,697%
Effective Tax Rate	32.1%	(77.7%)		32.1%	31.5%	
Net Income	**115**	**(647)**	**(662%)**	**3**	**616**	**22,343%**
% NS	**0.6%**	**(3.1%)**	**(370 bps)**	**0.0%**	**3.0%**	**300 bps**

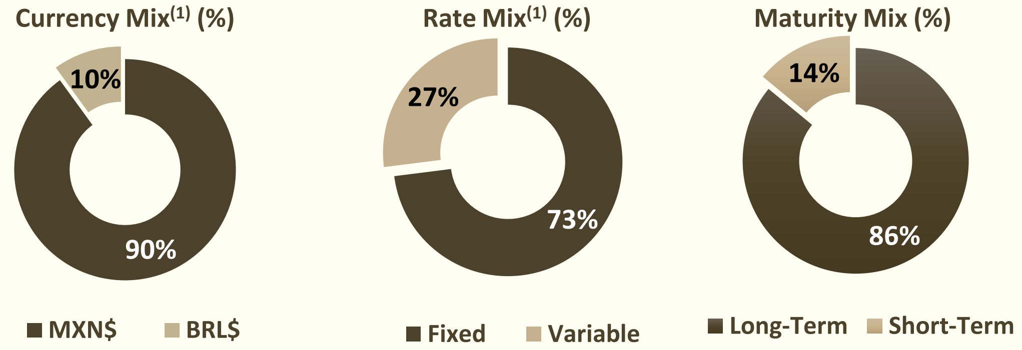
(1) Normalized excludes Q4’20 CR Closure and NIC Impairment, and Q4’19 BR tax benefit

Total Debt as of December 31, 2020

Healthy Long-term Maturity Profile

	Q4'20	
MXN millions	**Mexico**	**Brazil**
Total Debt	$29,528	
Net Debt / EBITDA	**3.1x**	
Average Duration	4.5 years	0.9 years
Average Cost of Debt	TIIE + 2.22%	CDI + 1.52%
Weighted Cost of Debt	6.39%	
Weighted Cost of Debt with Derivatives	**7.32%**	

Debt Profile



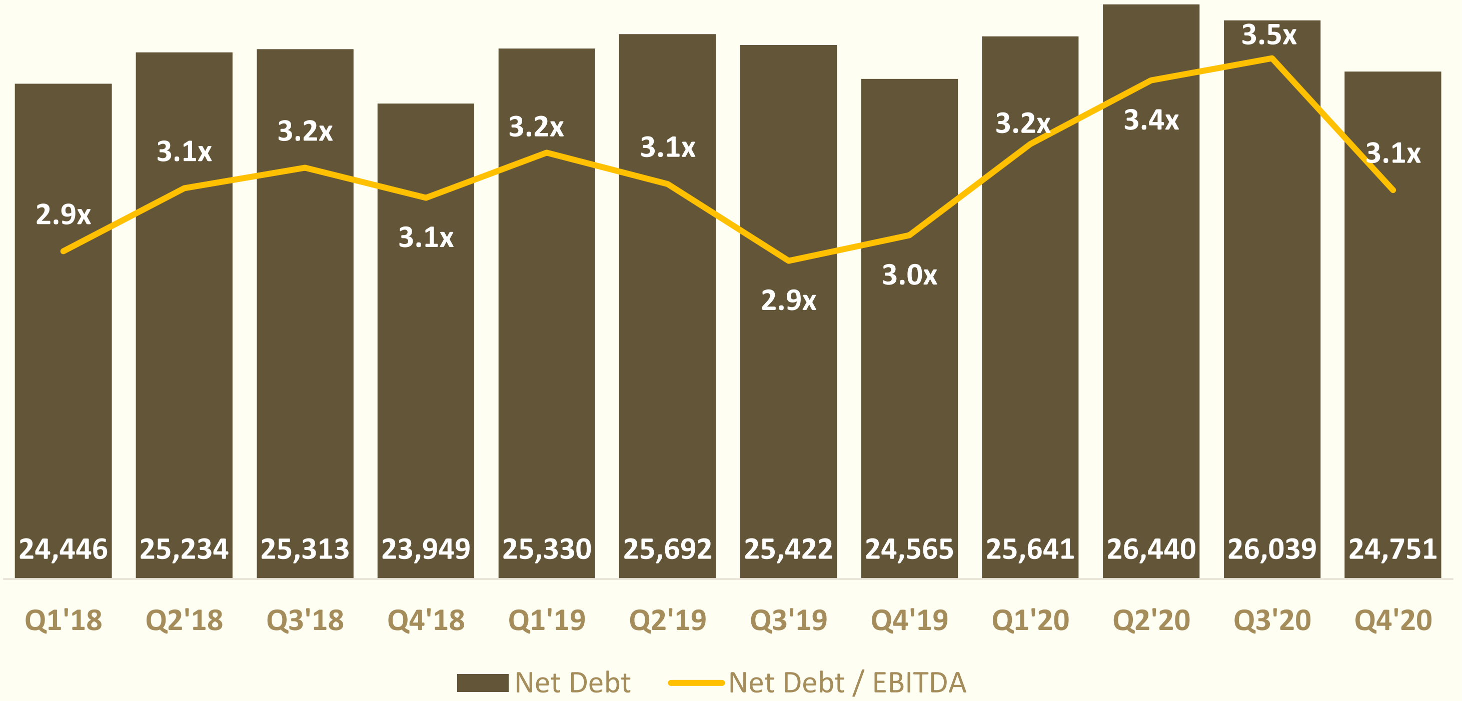
- Reduced short-term loans due to less risk and proven business resilience
- Lower weighted cost of debt with derivatives: 7.32% vs 8.12% at year-end 2019

(1) *Includes derivatives*

Leverage Ratio

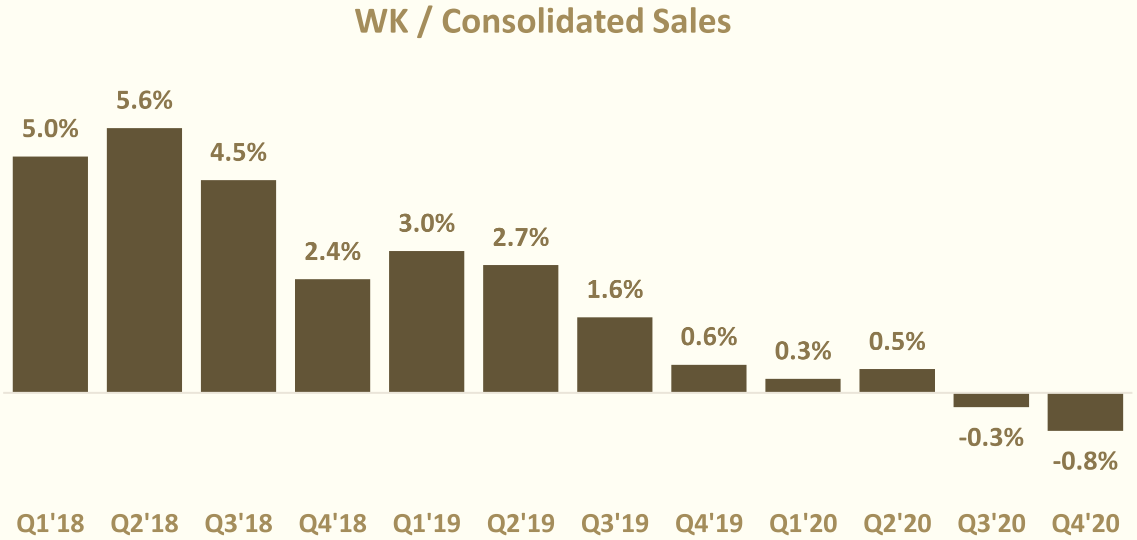
Leverage Target of 2.5x

MXN in millions



Working Capital

Significant Progress in Decreasing WK to Sales

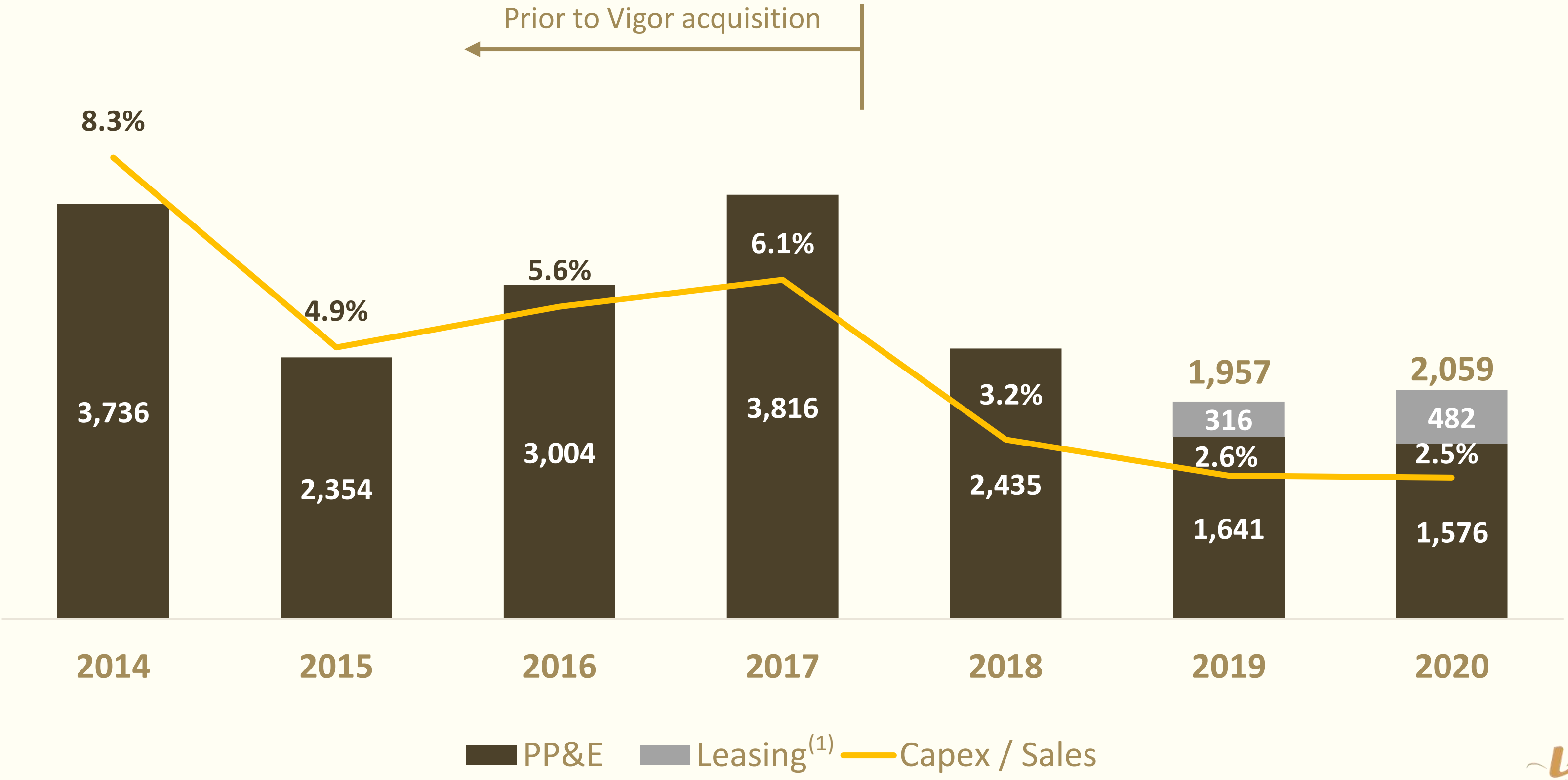


WK improvement	Q4’19 vs Q4’18	Q4’20 vs Q4’19
Mexico	(180 bps)	(50 bps)
Brazil	(210 bps)	(360 bps)
US	(100 bps)	(360 bps)
CAM	(80 bps)	(660 bps)

CAPEX

CapEx Optimization Based on ROIC Analysis

MXN in millions



(1) *Leasing includes vehicles, machinery and equipment*

Full Year 2020 Closing Remarks

1. **Focus on increasing ROIC, Profitable and Sustainable Growth, and Core Markets**
2. **Resilience sustained by strong brand loyalty, broad portfolio, robust supply chain and adaptability to capture changing consumer preferences**
3. **+8.2% YOY Consolidated Constant Currency Sales growth driven by Mexico and Brazil**
4. **Solid Normalized EBITDA(1) expansion in Mexico: +50bps YOY**
5. **Sustained Consolidated Negative WK at -0.8% of sales, driven by negative WK in Mexico and improvements in all regions**
6. **Rationalization of assets: Costa Rica Closure**

(1) *Excludes Q3'20 one-time tax effect*

Strategic Priorities – 2021

Focus on Core Markets

Financial Discipline: ROIC

Profitable and Sustainable Growth

- **Continued operational excellence in Mexico to sustain profitable growth**
- **Reassess Brazil and US strategy within challenging environment**
- **Deliver margin expansion in CAM through solid performance in NIC and GUAT**
- **Prudent and rational capital allocation**
  - CapEx-to-Sales ~3%
- **Consolidate Working Capital improvements**
  - Negative-to-neutral working capital
- **Continue deleveraging toward target ratio**
- **Strengthen ESG practices**
  - Reinforce governance and framework to drive sustainability initiatives

Thank you!

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